

DIRECT MARKETING IN SAUDI ARABIA AND THE UNITED KINGDOM: A COMPARATIVE STUDY

BY

AHMED ALSHUMAIMERI, MBA, PhD*

Associate Professor – Chairman of Business Department. Business Department. King Saud
University – AlQassem. Saudi Arabia. P. O. Box 6033. Tel 00966 55506587
Fax 009666 3800744 alshum@yahoo.com

DIRECT MARKETING IN SAUDI ARABIA AND THE UNITED KINGDOM: A COMPARATIVE STUDY

ABSTRACT

This paper provides a descriptive analysis of the use of direct marketing in Saudi Arabia and the United Kingdom from the supply side. The empirical investigation that was conducted on a sample of 153 firms in Saudi Arabia and 212 firms in the UK highlights several issues related to elements of direct marketing, purposes, incentives, and the barriers to using the technique. The final results show that although direct marketing is well-established in the United Kingdom, in Saudi Arabia it is still in its early stage of development. Currently, businesses in Saudi Arabia utilize direct marketing for business-to-business contacts. Also, unlike the situation in the UK, direct mail is still not the dominant element of direct marketing, the most important elements in Saudi Arabia being the facsimile and telephone. Nevertheless, the related issues to purposes, incentives, and barriers appeared to be similar to those found in the UK environment.

Introduction

Direct marketing is considered one of the fastest growing marketing approaches during last two decades. In the UK, direct marketing expenditure rose by 100% between 1990 and 2000. One form of direct marketing, direct mail itself accounted for 90% of companies' external expenditure on marketing directly to individual households or trade clients in the UK. It is estimated to generate more than £20 billion every year (The Letterbox Factfile 2000). According to a report commissioned by Royal Mail, direct mail will maintain its share of around 12%, expected to be worth around L3.2 bn in 2010 (Kleinman 2000). Similarly, in the US, overall media spending on direct marketing reached \$196.8 billion in 2001. Sales revenue attributable to direct marketing in US in 2001 was more than \$1.86 trillion. By 2005, sales are expected to grow by 9.6 percent annually to reach \$2.7 trillion. In Japan catalogue sales reached \$27.3 billion in 1999, and growth was estimated to be 9% each year (Direct Marketing Association , 2002)

Although this growing appeal is witnessed in several developed countries, direct marketing in the developing countries such as Saudi Arabia is still in its infancy. Official statistics for direct marketing are still not available, and until 2002 there were fewer than 15 local agencies in the whole country classified as direct mail services agencies. Most of the existing mail order companies are branches or agencies of major international companies such as Freeman's, Quelle, MotherCare, Otto Versand, JC Penney, Avon, Next, and Great Universal. Banks and financial services are the primary users of direct mail. According to the chief

executive of the post office in Saudi Arabia, banks account for more than 40% of the total business-to-customers direct mail. The remaining users are companies involved in retailing, health services, hotels, and travel services. Indeed, there is a growing need to attract the attentions of marketers as well as researchers to the significance of using the approach.

Despite the rapid increase in the use of direct marketing in the world, the volume of academic research in the area is rather limited and much of the existing work focuses on the promotional aspects of the technique or on consumer responses. Even the definition of direct marketing is still a controversial issue. Practitioners and scholars of direct marketing are still debating over what direct marketing is, and what it should be. At one extreme, from a positive perspective, direct marketing is defined by citing all possible techniques and methods that marketers may use as direct marketing (Murrow and Hyman 1994, Schofield 1995). In contrast, some authors adopt a normative perspective defining direct marketing as it should be, and claiming that what exists in practice is far from the ideal discipline (Bauer and Miglautsch 1992, Betts and York 1994).

A great deal of the difficulty in providing a standard definition arises because the concept of direct marketing has changed over time. According to Fletcher (1991) direct marketing has passed through three phases. The first was the 'sales-oriented' phase, where direct marketing was seen as a distribution channel through which direct mail could be used to sell low-priced products. This was followed by the 'image building' phase, in which direct marketing was seen as a medium to generate files of prospects so that one-to-one communication could take place. The third is the 'integrated phase', where direct marketing is seen as both a channel of distribution and a medium for communication, and used for both tactical and strategic purposes. In this phase, the introduction of database marketing enhances and ensures a long-term view of customer relationships (Fletcher 1991, Tapp 2001). Accordingly, one problem which arises in trying to formulate a current definition of direct marketing is the fact that different marketers and firms will be at different phases of its development and use.

Notwithstanding, the debates about the meaning of direct marketing a useful working definition is provided by Bauer and Miglautsch (1992) who emphasise that direct marketing is relational, that it involves prospecting, conversion and maintenance and that it focuses on individuals. This definition incorporates both the promotional and distributional aspects of direct marketing and, despite criticisms that this perspective is idealised (see for example Schofield, 1995), it provides a practical working definition for the current study.

The objective of this paper is to provide a profile of the supply side of direct marketing in Saudi Arabia as well as the UK. It will present a descriptive analysis of the practice of direct marketing, its purposes, incentives, and the barriers to using the technique. Such a descriptive profile is expected to provide insights, which will improve the understanding of direct marketing in both countries in specific, and others that have similar characteristics in general. It will also provide researchers as well as practitioners with general views and useful information about the characteristics of direct marketing.

This paper is divided into four sections. After the introduction, the first section provides a clarification of the conceptual meaning of direct marketing as well as a brief discussion of its strategic role. The second section presents the methodology upon which this paper is developed. The data collection procedures and population of the study are presented. In the third section, the empirical results of the study are discussed and the major findings are highlighted. The last section discusses the results and points out the managerial implications

of the findings, as well as highlighting some of the limitations of the study and directions for future research.

The role of direct marketing

The literature is characterised by a lack of studies that determine the reasons for using direct marketing, or what functions direct marketing usually accomplishes. A few studies have examined the benefits of direct marketing or one of its elements from the supply side. Thwaites and Shron (1994) for example, in a study of the financial services industry rank direct marketing's benefits based on their value to UK financial services institutions as: cross-selling (44%), lead generation for sales force (28%), up-selling current and new products to existing customers (24%), keeping customers sold on product/service (15%), selling to new prospects (13%), and generation of retail traffic (8%).

Peltier et al (1994) in a study of private hospitals in the United States show that the four most important objectives of using direct marketing are increasing hospital awareness (70%), lead generation for current programs/services (64%), promoting special events (63%), and image enhancement (57%)

Another study by Betts and Yorke (1994) that investigates ways of using and understanding the role of direct marketing on a sample of 501 practitioners of direct marketing shows the ranking illustrated in Table 1:

TABLE (1) RELATIVE IMPORTANCE OF THE BENEFITS OF DIRECT MARKETING

Rank	Benefit of direct marketing	Mean	Std Dev.
1	Targeting precision	1.324	0.566
2	Testing markets	1.547	0.670
3	Testing offer (e.g. price)	1.575	0.712
4	Measurable and accountable	1.617	0.714
5	Provides new distribution channels	1.665	0.727
6	Testing products/services	1.757	0.796
7	Control over timing	1.776	0.796
8	Advertising cost effectiveness	1.790	0.800
9	More effective segmentation	1.820	0.759
10	Testing timing	1.916	0.865
11	Supports distribution channels	1.920	0.733
12	Testing creative	1.961	0.903
13	Testing format	2.079	0.908
14	Competitors are unaware of your activities	2.919	0.963

Where 1= extremely important and 4 not at all important. *Source: Betts and Yorke (1994)*

Also, a survey study conducted by Direct Mail Information Service (1999) on 141 companies selected from the top 3000 UK advertisers, indicates that there are seven traditional reasons for using direct mail. These reasons are leads inquiries (84%), customer loyalty (57%), improve image (56%), immediate sales (47%), brand awareness (46%), upgrade/Cross sell (33%), and list/Database building (27%).

According to these studies, the reasons for using direct marketing vary across the sectors in which direct marketing is applied. However, there are some common factors that can be derived from the existing studies. The most significant reasons for using direct marketing are mainly either distribution or promotion purposes. For example, reasons such as cross-selling, selling to new prospects, and immediate sales, can be considered as distribution functions. Others such as increasing awareness, image enhancement, promoting special events, and lead generation for sales forces can be considered as promotional functions.

In conclusion, it seems that reasons for using the direct marketing approach differ widely. First, the field where direct marketing is applied is one factor that determines the role of direct marketing. For example, direct marketing could be used as a sole distribution channel in financial service firms. However, in retail businesses it may be best be used as a promotional tool. Second, the stage which the organisation has reached in developing direct marketing will affect the understanding of its role and use. Different marketers and firms will be at different stages in its development and use. Some are still sales-oriented users. Others have reached a development stage where direct marketing is used as a communication tool that ensures and maintains a long-term customer relationship. The third factor is the fact that certain elements of direct marketing are used for certain roles. As known, direct mail is commonly used as advertising or for a promotional tool, while mail order, on the other hand, is commonly utilised as a distribution channel. Even though they are different in nature and use, they are both still called direct marketing.

To consolidate these views, this paper investigates the status of direct marketing in two countries, Saudi Arabia and the United Kingdom. It highlights the extent to which its elements are used, and its purposes, the incentives, and the obstacles to using the approach from the point of view of a sample of firms in the two countries.

Findings and analysis

The data were collected from a cross sample of businesses in Saudi Arabia and the UK. The Saudi sample was selected randomly from the Kompas Directory and determined to be the main industries in the private sector. These main industries are trade, manufacturing, construction, and services. A total of 153 questionnaires were returned which represents a response rate of 33%. The UK sample was collected from a cross sample of businesses from the FAME database. A total of 212 questionnaires were returned, yielding an effective response rate of 21%.

In general, the collected sample appears to be well distributed among different industries, types of ownership, ages and sizes of firms. This diversity of the sample will enhance the ability to generalise the findings of this research. However, the sample also has some limitations. Some sectors, such as the construction sector, and some sizes of firms, such as small firms, are under represented in the study sample, compared to their number in the business population. This is probably because the construction sector and small firms are very light users of marketing in general and direct marketing in particular. In fact, this finding is not odd. It is the case with many questionnaire-based studies that those who respond are most likely be more committed to the subject (Isaac and Michael 1979).

Several questions were asked in order to identify key characteristics of the participating firms. Table 2 shows the main business activities of participating firms. Among the Saudi sample, production and manufacturing firms were found to be the largest group of participants (22.9%), followed by the trading and retailing sectors (18%). Similarly, production and manufacturing firms represented 32% of the UK sample followed by the trading and retailing sectors (17%) and, with the same percentage (17%) was financial services.

In terms of the distribution of the participant firms according to their ownership type in Saudi Arabia, almost half of the sample (44.4%) classified their firms as one-owner establishments. In addition, the raw data also show that the largest group (47.9%) was firms with fewer than 50 employees, followed by 32.7% of firms had between 51 and 250 employees. Assuming that number of employees is an indicator of the firm size, table 2 indicates that about half of the sample (47.9%) was small firms. This generally reflects the characteristics of firms in Saudi Arabia. According to the Ministry of Planning, over 90% of establishments in Saudi Arabia are small businesses (The Seventh Development Plan, 2000-2005). Considering that the vast majority are small establishments such as small retailing shops, auto services, and gasoline stations, and therefore, most of them do not have a marketing department, an under-representation of these businesses is to be expected. In contrast, more than half of the UK sample (55.7%) were limited liability companies followed by one-owner establishments (17.9%) and firms with fewer than 50 employees represented the largest group in the sample (38%) followed by firms had between 51 and 250 employees.

The result of frequency analysis result revealed that direct marketing is still a new marketing strategy in Saudi Arabia. About 78% of the respondents had been using direct marketing for fewer than 10 years, and the mean did not exceed 5.5 years. Only very few respondents claimed to have been using direct marketing for more than 20 years. In contrast, 45% of the UK firms reported that they had been using direct marketing for fewer than 10 years and the mean was 12.5 years. However, there were some similarities as regards the types of business utilising direct marketing. The services sector was found to be the heaviest user of direct marketing in both countries. Multiple comparisons between the four major sectors in the study using one-way ANOVA revealed that services used direct marketing more heavily than other sectors, and the differences in the means were significant compared to trading/retailing and manufacturing. This result is logical and consistent with findings from studies conducted in Western countries (Direct Mail Information Services 1999, DMA Report 2000). Services are found to be the heaviest users of direct marketing because they are selling an intangible product that usually requires short channels.

TABLE (2) FIRMS' MAIN CHARACTERISTICS

	UK		SA	
Characteristics	Frequency	%	Frequency	%
Main Activity				
Production/manufacturing	68	32.1	35	22.9
Trading / Retailing	36	17	28	18.3
Construction	14	6.6	10	6.5
Travel services and hotels	10	4.7	11	7.2
Commercial services	14	6.6	20	13.1
Transportation and communication	24	11.3	4	2.6
Publishing	6	2.8	9	5.9
Financial services	36	17	16	10.5
Other services	4	1.9	14	9.2
Other	-	-	6	3.9
Total	212	100	153	100
Type of firm				
One-owner establishment	38	17.9	69	44.4
Joint stock company	34	16.0	20	13.1
Limited liability company	118	55.7	50	32.7
Partnership	16	7.5	12	7.8
Other	6	2.8	3	2.0
Total	212	100	153	100
Number of employees				
Less than 50 employees	80	38	66	47.9
Between 51 and 250 employees	78	36.8	54	32.7
Between 251 and 500 employees	20	9.4	19	11.1
Between 501 and 1000 employees	10	4.7	4	3.2
Over 1000 employees	20	9.4	10	4.6
Missing values	2	.94	1	.5
Total	212	100	153	100

Elements of direct marketing

On a scale of 1 to 5 where 1 = not an important element of direct marketing and 5 = a very important element of direct marketing, facsimile was found to be the most important element used in Saudi Arabia. As table 3 shows, the mean (4.05) was the highest among elements of direct marketing. Over 70% of direct marketing users rated the facsimile as either an “important” or “very important” type of direct marketing used to market their products. The telephone appeared to be the second most important element (mean 3.94), followed by direct mail (3.49) and, the catalogue (3.18), while the least important was television (2.01). This result revealed that unlike the situation in the UK market, direct mail is not the dominant element of direct marketing in Saudi Arabia. One potential reason for this result is the management’s mistrust of the mail system. Marketers are still not satisfied with the service and therefore, hesitate to rely on such an approach. The Internet although expected to be a major approach in the future, is still not considered an important element of direct marketing in either country. However, UK firms give much more consideration to the tool than the case

in Saudi firms. This may reflect the great experience and the familiarity with the Internet in the UK compared to Saudi Arabia, where the medium was officially introduced as recently as in 1998.

TABLE (3) ELEMENTS OF DIRECT MARKETING

Variables	UK		SA	
	Mean	Std. Dev	Mean	Std. Dev
Direct mail	4.3660	1.1376	3.49	1.5003
Catalogue	2.7075	1.6289	3.18	1.6028
Telephone	4.2385	1.1728	3.94	1.1818
Fax	3.3396	1.06401	4.05	1.2029
TV	1.3113	.8303	2.01	1.4505
Internet	2.6132	1.2587	1.5943	.8879

Where 1= Not important at all and 5= Very important.

Interestingly, direct marketing and its elements were found to correlate positively with all type of customers in the UK, while they correlated negatively and significantly with firms targeting individual customers in Saudi Arabia. In contrast, there were positive correlation between the use of direct marketing and firms targeting industrial and manufacturing firms, government institutions, and commercial (trade/service) companies. These results in general, imply that direct marketing in Saudi Arabia is used for business-to-business marketing more than for marketing to consumers. A potential reason for utilising direct marketing for business-to-business marketing rather than to individuals is that businesses are much more accessible and easier to contact than individuals. Businesses have reliable and reachable mail addresses, telephone and facsimile numbers whereas, residential home addresses in Saudi Arabia are not reliable, and telephone directories in most cities have not been updated since 1986. In addition business-to-business marketing generally has a cost advantage over consumers' direct marketing in terms of constructing the mailing list, the response rate, and paying off the mailing costs (Bly 1993). This result also, may be seen as an indicator that direct marketing in Saudi Arabia is still in its infancy. The history of direct marketing shows business-to-business to be a starting point for implementing the approach (Ross 1992).

Purposes, benefits, and barriers of direct marketing

Users of direct marketing were asked to determine the relative importance of ten purposes for using direct marketing. These ten purposes were looked at from a functional point of view. Each represented a function and a role that, direct marketing may be given. As Table 4 shows, in both countries although direct marketing was found to be used for many purposes, the communication and promotion role appeared to be the most significant reason for using direct marketing. Table 4 shows that enhancing customer relationships, increasing brand awareness, and improving the firm's image were the most significant purposes. On a scale of 1 to 5 where 1 = "never use it for this purpose" and 5 = "always use it for this purpose", the means for these three purposes were 4.14, 4.05, and 3.83 respectively in Saudi Arabia and 4.36, 4.19, and 4.16 in the UK.

Purposes that can be classified as distribution functions appeared less important. The most significant distribution functions in both countries were found to be generating sales (3.77 SA, 3.66 UK), followed by cross-selling product (3.49 SA, 3.44 UK), and then making

immediate sales (3.24 SA, 3.16 UK). Using direct marketing to test the product and the market place was found to be one of the least popular purposes of using the approach. The means were 2.75 in SA, and 2.40 in UK for testing the market, and 2.84 in SA, and 3.13 in UK for testing the product. Also, the results show more similarities than differences compared with the findings of Peltire (1994), and Direct Mail Information Services (1999). These studies indicated that promotional and communicational purposes appeared to be the main role given to direct marketing.

TABLE (4) PURPOSES OF USING DIRECT MARKETING

Variables	UK		SA	
	Mean	Std. Dev	Mean	Std. Dev
Make immediate sales	3.1698	1.2951	3.2403	1.5679
Generate sales leads	3.6604	1.2908	3.7727	1.0511
Cross-selling products	3.4406	1.1236	3.4870	1.2485
Enhance customer relationship	4.3585	.7565	4.1364	.9151
Increase brand awareness	4.1887	.9649	4.0455	1.0055
Improve the firm's image	4.1604	.9043	3.8312	1.1592
Build customers' list	3.9906	1.1057	3.0260	1.4414
Test the market	3.4057	1.3046	2.7468	1.2964
Test the product	3.1321	1.4114	2.8442	1.3241

Where 1= Never use it for this purpose, and 5= Always use it for this purpose

Another nine factors were introduced in the questionnaire to investigate the incentives and benefits of using direct marketing. Looking at the mean shown in table 5, the most important factor influencing the firm's decision to use direct marketing in Saudi Arabia was found to be gaining a sustainable competitive advantage. On a 1-5 scale, the mean was 4.07, and about 83% of the respondents reported that this factor was "somewhat influential" or a "very strong influence" in the firm's decision to use direct marketing. This may reflect management's awareness of the intensity of competition in the Saudi market. The Saudi market is becoming a buyer's market as demonstrated by the intense competition, and the emergence of more demanding consumers. Consumers have become more cost-conscious, and are looking for quality and durability (Leonidou, 1995). Therefore, managers are keener to adopt different approaches to increase the market share. In contrast, the same factor was found to be the third for the UK firms. Though the result is very close, it may reflect the level of experience that is being acquired by the UK firms which considers targeting and control as incentives to using the approach.

As table 5 shows, targeting customers precisely was found to be the most influential factor in the UK and the second in Saudi Arabia. Not surprisingly, one of the most significant benefits of using direct marketing is its ability to target customers precisely (Tapp 2001). Also, this finding is similar to the findings of Betts and Yorke (1994) which assert that targeting precision is the most important benefit of direct marketing. Supporting existing distribution channels also appeared to be significant. For Saudi firms, the mean was 3.84 and about 72% of the respondents reported that this factor was "somewhat influential" or "very strongly influential" in the firm's decision to use direct marketing. This may indicate that the role of direct marketing as a supplementary distribution channel is also recognised by Saudi

marketer however, because of the surrounding barriers in the market, which will be discussed in the following section, it is not utilised efficiently.

The UK firms reported “control over marketing activities” as the second important incentive to use direct marketing, followed by “gaining competitive advantage”. This may reflect the maturity of the market, where the competition is strong, and the awareness of customers is high and therefore, control over marketing activities to achieve a sustainable competitive advantage is essential to success.

TABLE (5) INCENTIVES AND BENEFITS OF DIRECT MARKETING

Variables	UK		SA	
	Mean	Std. Dev	Mean	Std. Dev
Cost effectiveness in distribution	3.6415	1.0412	2.6753	1.3030
Gaining competitive advantage	4.0943	.8657	4.0714	1.0609
Control over marketing activities	4.1509	.7763	3.5260	1.1838
Supporting distribution channels	3.5283	.9258	3.8377	1.0994
Avoid conflict with distributors	2.1226	1.1980	2.3117	1.3745
Targeting customers more precisely	4.2642	.5890	3.8312	1.2409
Measurable feedback	3.2358	1.4864	3.2532	1.4487
New channel	2.9623	1.4824	3.4870	1.2485

Where 1 = No influence on the firm's decision to use DM, and 5 = Very strong influence.

The last section of the questionnaire concerned with barriers to the use of direct marketing. Respondents were asked to evaluate (on a 1-5 scale) the impact of nine factors that have been identified as potential barriers facing users of direct marketing. Looking at the means shown in table 6, an inadequate postal service, and lack of an accurate mailing list of customers were found to be the most influential obstacles facing the direct marketers in Saudi Arabia with the means of 3.40 and 3.39 respectively. About 63% of the respondents reported that an inadequate postal service is a barrier that has either “somewhat” or “very strongly” influences the firm's decision concerning the use of direct marketing. This may reflect that loss of mail, and too slow delivery were still perceived to characterise the mail system in Saudi Arabia.

Lack of an accurate mailing list was found to be the second most important barrier in both countries. In Saudi Arabia, this result is to be expected. Producing an accurate mailing list in an environment where most of the houses have no numbers, small streets have no names, and mail services do not provide home delivery, is anticipated to be very difficult. However, the same barriers arise against direct marketers in the UK and that may reflect the fact that although targeting is a distinguishing feature of direct marketing, in practice, marketers still suffer from notable being precisely enough to hit the targeted customers. According to Schnorbus (1997), about 35% of direct mail letters go straight into the bin. In addition, Akkah et al's (1995) study indicates that one of the first causes of customers' negative attitude toward direct marketing is poor targeting.

In Saudi firms, customers' unfamiliarity with direct marketing and the negative attitude toward the approach were also believed to have a strong influence. Table 6 shows that the means were 3.38 and 3.22 respectively. This finding seems to be consistent with the finding of Alshumimri (1998), where managers complained that the customers' negative attitude and

unfamiliarity were the main reasons for the failure of a direct marketing campaign. Other barriers such as government restrictions and lack of financial resources were not found to be very significant.

On the other hand, the barriers that influence the decision to use direct marketing in the UK seem to have less effect. The means of all factors appear to be less than 2.5 on a scale of 5 points. However, the ranking of these factors may provide insight into the current and the future concerns of UK firms. Table 6 viewed that the UK firms consider “Lack of allocated financial resources” is most important barriers, while this was the last barrier facing the direct marketers in Saudi Arabia. This may raise a concern about the future of the approach in the UK, where direct marketing expected to be well established and its benefits are well known and the expenditure on the approach is expected to grow. In fact, according to the Direct Marketing Association, direct marketing annual expenditure in the next five years, 2000 – 2005, will grow at a slower annual rate of 7.1 percent, compared to 8 percent in the last five years 1995- 2000. (DMA Fact Book 2000).

Also, customer attitude to word direct marketing seems to have a strong influence. It was considered the third most influential factor. That is also consistent with Petsky’s (1994) claim that the image problem is probably the most critical and global challenge facing direct marketers. There is a widespread view that direct mail means “junk mail” and from some customers’ perspective, direct marketing is often looked upon as intrusive, wasteful, and sometimes unethical. In addition, Betts and Yorke (1994) find that about 68.3% of users of direct marketing regarded the public image of direct marketing as “poor”.

TABLE (6) BARRIERS TO DIRECT MARKETING

Variables	UK		SA	
	Mean	Std. Dev	Mean	Std. Dev
Postal service	1.9057	1.0974	3.3913	1.4194
Customers’ negative attitude	2.3774	1.2653	3.2236	1.2746
Lack of accurate mailing list	2.4245	1.3131	3.4099	1.3298
Legal and environment restrictions	1.6226	.8082	2.3230	1.2679
Payment and collection problems	1.6415	.9755	2.6894	1.4926
Inadequate transport infrastructure	1.5943	.8899	2.3975	1.3977
Lack of allocated financial resources	2.4717	.9853	2.2174	1.3995
Lack of management interest	1.9245	.9308	2.3354	1.4228
Customer unfamiliarity with the approach	1.8806	1.0431	3.3789	1.2547

Where 1= No influence on the firm’s decision to use DM, and 5= Very strong influence.

Conclusion

This paper has provided a brief descriptive analysis of the use of direct marketing in Saudi Arabia and the United Kingdom. It highlighted several issues related to the extent use of direct marketing and its elements. In addition, it pointed out the major incentives, benefits, and barriers to using the approach. The final results imply that although direct marketing is well-established in the United Kingdom, in Saudi Arabia, it is still in its early stage of development. Use of the approach to target individual customers is still at a minimal level. Most businesses in Saudi Arabia utilise direct marketing for business-to-business contacts. Unlike the situation in the UK, direct mail is still not the dominant element of direct marketing, the most important elements in Saudi Arabia being the facsimile and telephone. An obvious reason for this result is the ineffective and insufficient mail system in the country. Nevertheless, purposes, incentives, and barriers appeared to be similar to those found in the UK environment.

Moreover, the findings of this research indicate that mail services and accurate mailing lists seem to be the most serious obstacles facing direct marketers in Saudi Arabia. The Saudi government should pay more attention to improving the mail system as most homes in the country have no addresses, homes in most cities are not numbered, and small streets in almost all cities except Riyadh have no names. Furthermore, mailboxes are difficult to obtain, and there is a long waiting list, so even those who are willing to pay, cannot find one. It is believed that at least two projects are necessary in the near future to support the development of direct marketing in the Kingdom. The first is to publish a directory to cover all P.O. Box holders in the country, indicating different classifications such as whether the holder is an individual or a business, and including other basic information such as telephone number, area, and city. Direct marketers today, have no access to individual mailbox addresses. Mailboxes for businesses can be found in business directories such as Kompass, and the Chamber of Commerce directories, but individuals' mailing lists are not published. Secondly, there is an urgent need to increase the number of boxes available to residents. This is necessary to allow more use of the direct marketing and enhance the targeting process. Because of the limited number of mailboxes, some firms are questioning the effectiveness of direct marketing. In many cases, more than ten people share the same mailbox, which makes the identification of customer characteristics and one-to-one communication quite difficult. Therefore, if for any reason such suggestions are not of interest to the decision-makers, the private sector should be given the opportunity to invest in such projects.

The results also indicate that firms in both countries have to be conscious of the drawbacks of poor targeting. Though targeting is a distinguishing feature of direct marketing, in practice marketers still suffer from not being precise enough in hitting the targeted customers. Since direct marketing is still in its early stages in Saudi Arabia, firms with careful building of mailing lists and precise targeting of segments could overcome the label "Junk mail" that direct marketers in the UK are still suffering from (Storholm and Friedman 1998, Jenkinson 1993).

In conclusion, this descriptive analysis is expected to add insights to improve the understanding as well as the practice of direct market in Saudi Arabia and the United Kingdom, as well as other similar countries, especially in the Middle East. The comparison between two different economical, and cultural environments also responds to the call of Cunning and Green (1984) who suggest more fundamental research in the international

market to determine which marketing concepts can be universally applied and which are basically particular to certain environments.

However, this study, like most empirical studies, is constrained by the data collected and the study sample. In addition, this study investigates the use of direct marketing from only one side, the supply side. The demand side, which can be represented by customers' attitudes and behaviours, may hold significantly different views regarding the use of direct marketing from those of the firms. Studying both sides may add more depth to understanding of the issues investigated. In addition, research into the use of direct marketing from both the supply side and demand side may provide a means of cross-validating the findings from each sample by findings from the other. Consequently, this will enhance the validity and generalisability of the findings. Finally, it is hoped that this study increases the attention of both academicians and practitioners to this area, and provides a clear map to chart future inquiry.

REFERENCES

- Akaah, I. Korgaonkar, P. and Lund, D., (1995), "Direct Marketing attitude", *Journal of Business Research*, Vo.34, pp. 211-219.
- Alshumaimri, Ahmed. (1998). "Direct Marketing in Saudi Arabia: A descriptive study". *Kuwait International Conference*. London.
- Bauer, Connie and Miglautsch, John (1992), "A conceptual definition of direct marketing", *Journal of direct Marketing*, Vo. 6, No.2, pp. 7-17.
- Betts, E. and Yorke, D. (1994), "Direct marketing: its 'Excesses' and 'Expertness'", *Proceedings of the Marketing Education Group Annual Conference*, Vo.1, pp. 101-110.
- Bly, R., (1993), *Business to Business Direct Marketing*, (Chicago: NTC Business Book).
- Cunningham, W and Green. R. "From the Editor". *Journal of Marketing*. Vol. 45, Winter pp.9-10.
- Direct Mail Information Service*. (1999), "Direct mail Trends 2000". London, UK.
- Direct Mail Information Service*._ (2000) "The Letterbox Factfile". London, UK.
- DMA Fact Book*, (2002), (New York: Direct Marketing Association,).
- DMA Fact Book*, (2000), (New York: Direct Marketing Association,).
- Fletcher, K, Wheeler, C., (1991), "Database Marketing: A channel, a medium, or a strategic approach", *International journal of Advertising*, Vol.10, No.2, pp. 117-127.
- Gosden, F. (1987), *Direct marketing success*, (N.Y.: John Wiley & sons).
- Isaac, Stephen and Michael W., (1979), *Handbook in research and evaluation*, (California: Robert R. Knapp).
- Jenkinson, A. (1993), *Valuing your Customer*, (London: McGraw-Hill book company).
- Key Note, (1995), *Direct Marketing*, 1995 Market Report.
- Kleinman, Mark. (2000), *Marketing*, (Nov). pp. 11.
- Leonidou, L. (1995), "The Saudi distribution system", *Marketing Intelligence and Planning*, Vo.13, No.11, pp. 27-35.
- Murrow, J and Hyman, M. "Direct Marketing: Passage, definitions, and Déjà vu" *Journal of Direct Marketing*. Vol 8, Summer. No 3, pp. 47-56.
- Nash, E. (1986), *Direct marketing*, 2nd. Edition, (N.Y.: McGraw-Hill book company).

- Peltier, James et al. (1994). "Taking the direct route", *Journal of Health Care Marketing*. Vol 14, pp. 22-27
- Petsky, Michael. (1994). "Critical issues and trends for the future of mail order", *Direct Marketing*. (August) pp. 29-32.
- Ross, N. (1992), *A History of Direct Marketing*. Direct Marketing Association. New York.
- Schnorbus, P. (1997), "New directions", *Marketing and Media Decisions*, (October), pp. 83-86.
- Schofield, A. (1995), "The definition of direct marketing: A rejoinder to Bauer and Miglautsch", *Journal of Direct Marketing*, Vo.9, No.2, pp. 32-38.
- Statistical Fact Book*, (2000), (New York: Direct Marketing Association), pp. 14, 294-295.
- Storholm, G. and Friedman (1998), "Perceived Common Myths and Unethical Practices Among Direct Marketing Professionals", *Journal of Business Ethics*, Vo.8, pp. 975-979.
- Tapp, Alan. (2001). "The strategic value of direct marketing". *Journal of Database Marketing*. Vo 9. pp. 9-15.
- The Seventh Development Plan (2000-2005)*, Ministry of Planning (2000). Riyadh, Saudi Arabia.